

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7355

BILL NUMBER: HB 1343

NOTE PREPARED: Jan 5, 2005

BILL AMENDED:

SUBJECT: Student Nutrition and Physical Activity.

FIRST AUTHOR: Rep. Becker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (A) The bill requires school boards to establish a child nutrition and physical activity advisory committee to develop a local wellness policy that complies with certain federal requirements.

(B) The bill requires that foods and beverages sold to students outside the federal school meal programs must meet certain requirements. The bill provides that the requirements do not apply after school hours.

(C) The bill requires daily physical activity for elementary school students in public schools.

(D) The bill allows a school to continue a vending machine contract in existence before May 15, 2005.

Effective Date: May 15, 2005; July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (A) School boards would likely be able to establish and make appointments to child nutrition and physical activity advisory committees within the course of a regularly scheduled business meeting.

(C) Under the bill, schools would be required to provide daily physical activity for students in elementary school. The activity must be consistent with the curriculum and programs developed under current law and may

include the use of recess. If recess were used to conduct physical activity under the bill, most elementary schools (kindergarten through fifth grade, and sometimes sixth grade) would not experience any impact to expenditures. Elementary schools with recess periods may need to revise the use of recess time in winter months to insure that physical activity would take place indoors.

Explanation of Local Revenues: *Summary:* (D) Contracts between school corporations and soft drink vendors that were in executed before and in effect on May 15, 2005, would be allowed to continue until their expiration date. Under the bill, upon expiration of a contract the school corporation would not be able to renew the contract and would have to comply with the food and beverage qualification provisions of the bill.

The bill would effect school corporations with contracts with soft drink manufacturers when the contracts expire. It is possible lost revenue from soft drink and food sales could be shifted to other beverages such as fruit juice or water (several major manufacturers of soft drinks also produce fruit and sports drinks). The specific impact to local revenue is indeterminable and would vary among school corporations by the revenue a school corporation currently retains from vending sales of soft drink and food during school hours.

Background: A sample survey indicates that several school corporations have entered into contracts with soft drink manufacturers. The contracts surveyed ranged from \$27,000 to \$230,000 of guaranteed money per year to offer the products of one exclusive manufacturer. Proceeds from the contracts are used by school corporations to fund school-related activities, including education foundations, student activities, teacher development, and extra-curricular activities (such as uniforms for sports teams). A surveyed school corporation was able to secure a sixty-acre plot of land with the proceeds of such a contract on which to build a new school facility.

Some corporations have contracts or agreements with more than one manufacturer. Contract amounts vary among the school corporations along with their carbonated beverage policy during school hours and other factors. The survey indicates that school corporations with a restricted access policy to soft drinks during school hours do have contracts with a manufacturer. Terms of an agreement may have a duration of three to over ten years depending on the contract. Other school corporations may not have exclusive contracts, however, they may allow the individual schools within the corporation to secure contracts.

State Agencies Affected:

Local Agencies Affected: School corporations.

Information Sources: School corporations responding to a Legislative Services Agency survey.

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